



EXECUTIVE OFFICE OF THE PRESIDENT
Approved For Release 2002/05/07 : CIA-RDP81-00142R000200010009-3
OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

APR 13 1978

Executive Registry

78-8900/1

DD/A Registry


78-1644/1

MEMORANDUM TO THE HEADS OF EXECUTIVE DEPARTMENTS AND
ESTABLISHMENTS

SUBJECT: Control of Management System Criteria and Data
Required of Contractors

Attached is a copy of a proposed policy on the above subject for your review and comment. This draft is the result of consideration of informal comments on an earlier draft. The policy is intended to implement recommendations A-33 and A-34 of the Commission on Government Procurement. A decision on the final form of issuance (circular, bulletin, other) will be made after the comments have been received.

We would appreciate a response by close of business Monday, June 19, 1978, so that we may incorporate appropriate revisions.


James T. McIntyre, Jr.
Director

Attachment

STATINTL

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OFFICE OF FEDERAL
PROCUREMENT POLICY

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

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78-1644

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78-8900

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File *Contract*

TO THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS

SUBJECT: Control of Management System Criteria and Data
Required of Contractors

1. Purpose. This document establishes policies to be followed by executive branch agencies in the control of development and application of contractually specified management system criteria and required product and nonproduct data in the acquisition of goods and services.
2. Background. Government contracts for goods and services frequently prescribe management systems to be used by contractors in performance of their contracts. Additionally, records are required to be kept, reports and data to be submitted, and product data retained or submitted. While the cost impact of such requirements varies significantly among individual procurements, the cumulative costs on all procurements have been estimated to be billions of dollars annually. Although some of these requirements are essential, a system of checks and balances is needed to ensure that such requirements are necessary, that management system criteria rather than management systems are used, and that such requirements are coordinated

and compatible. The system set forth herein is illustrated in the attachment to this document.

The Commission on Government Procurement recommended more effective control over the selection and imposition of such data requirements. This policy is based on executive branch consideration of the Commission's recommendations.

3. Responsibility. Each agency head has the responsibility to ensure that the provisions of this policy are followed.

4. Coverage. This document applies to agency or interagency regulations or other issuances included in purchase solicitations or contracts which: (1) directly or indirectly prescribe management system criteria for use by contractor; (2) specify product data or nonproduct data required by the Government from the contractor; or (3) establish standards of accuracy and timeliness for the specified data.

5. Definitions

a. Management system is a term used to identify management disciplines which are employed to assist managers in: (1) defining or stating policy, objectives, criteria, and requirements; (2) assigning responsibility; (3) achieving

efficient and effective utilization of resources; (4) periodically measuring performance; (5) comparing that performance against stated objectives and requirements; and (6) taking appropriate action. A management system may encompass part or all of the above areas.

b. Management system criteria means the contractually prescribed management discipline which specifies the required output and performance standards but does not specify detailed procedures or methods of accomplishment. Management system criteria may require generation, preparation, maintenance, analysis, evaluation, display, and dissemination of information.

c. Product data requirement means a documented contract requirement which directs contractors to collect, organize, prepare, maintain, transmit, deliver or retain information incident to the design, development, production, operation, preservation, maintenance or repair of contract end items. Product data include engineering drawings, product specifications and standards, part breakdown lists, catalog item identifications, operation and/or maintenance instructions, descriptions of product physical qualities and characteristics, computerized product definition media, and procurement data.

d. Nonproduct data requirement means a documented contract requirement which directs contractors to collect, organize, prepare, maintain, transmit, deliver, or retain information, plans or reports other than product data. Nonproduct data include financial reports, progress reports, design analyses, test data, configuration management reports, engineering change proposals, and other such business and technical management information. Note: The final report of a study contract of a research effort is excluded as a data requirement in this policy.

e. Tailoring means the careful selection from a list of approved requirements, of only those management system criteria, product data, and nonproduct data requirements which are essential to each individual solicitation or contract.

6. General Policy

a. Nothing in this policy relieves or modifies the provisions of OMB Circular A-40.

b. The Federal Government relies on the private sector to provide needed goods and services (see OMB Circular A-76). Agencies should minimize specific instructions to the contractor on methods to be employed in the performance of the contract. Specifically, agencies will specify their requirements for

management system criteria, product data, and nonproduct data and the required standards for accuracy and timeliness, in a manner that allows the contractor flexibility in selecting the management systems and other tools used to satisfy these requirements.

c. Agencies will control the development and application of management system criteria, product data requirements, and nonproduct data requirements intended for use in more than one procurement. Agencies will establish and maintain a list(s) of approved management system criteria, product data requirements, and nonproduct data requirements, and assure that unauthorized requirements are not used in procurements. Agencies will verify that there is a demonstrated need for each specific management system criteria, product data requirement, and nonproduct data requirement and that they are cost beneficial before approving them for use and inclusion on the authorized list(s).

d. Agencies will assure compatibility among management system criteria product data requirements, and nonproduct data requirements and make maximum use of uniform terminology and classification. Intra-agency coordination is mandatory and interagency coordination is encouraged to reduce the expense

to the Government incurred by placing differing and incompatible requirements on contractors doing business with several agencies or agency components.

e. For individual procurements, the Government program manager or contracting officer will identify the Government requirements in the solicitation, and request contractors to propose how the requirements will be met and what data is provided. The Government program manager or contracting officer will tailor the application of product data requirements, and nonproduct data requirements to the specific needs of individual procurements, taking into consideration the objective of the procurement, the type of contract, the Government's needs, practical utility, the contractor's proprietary interests, the contractor's proposal, and the desired form and depth of Government management control (prior approval of proposed contractor actions, surveillance, or visibility). Approval of management system criteria, a product data requirement, or a nonproduct data requirement for general use shall not relieve the Government program manager or contracting officer from tailoring the requirement to a specific procurement.

7. Management system criteria policy. Agencies will not mandate specific management systems for use by contractors. Only approved management system criteria may be specified in

contracts. Contractors will be provided the flexibility to select the management systems and tools they use to satisfy these requirements.

8. Product data requirements policy.

a. Agency product data requirements will permit the use of contractor's formats whenever possible.

b. A firm commitment to procure product data requirements will, whenever practicable, be deferred until the time of actual need and scheduled so as to be within the time frame when the product data are normally generated by the contractor. The intention to procure product data should however, be identified in the solicitation and subsequent contract.

c. The price of product data requirements and rights will be negotiated at the time of contracting, where circumstances permit identification of the requirements at that time. Otherwise they will be negotiated not later than the time they are ordered.

d. Consideration should be given to have the contractor be a data repository for the Government.

9. Nonproduct data requirements policy

a. Agency nonproduct data requirements covered by OMB Circular No. A-40 shall conform to the provisions of that Circular.

b. Agency nonproduct data requirements will permit the use of contractor's formats whenever possible.

10. Implementation. All agencies will work closely with the Office of Management and Budget in resolving implementation problems. Existing agency documents may need to be revised, consolidated or cancelled to assure that only management system criteria are used and that product data and nonproduct data requirements meet the provisions of this policy.

11. Submissions to the Office of Management and Budget.

Agencies will submit the following to the Office of Federal Procurement Policy, OMB:

a. Implementing policy directives, regulations, and guidelines as they are issued.

b. Within six months after the date of this document, a time-phased action plan for meeting the requirements of this policy.

12. Inquiries. All questions or inquiries should be submitted to the Office of Management and Budget, Administrator for Federal Procurement Policy, telephone (202) 395-3340.

Attachment

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MANAGEMENT
SYSTEMS
CRITERIADATA
REQUIREMENTSPRODUCT DATA
REQUIREMENTS

AGENCY CONTROL (REVIEW: COORDINATION & APPROVAL)

OMB
CLEARANCE
(A-40)

EXEMPTIONS

AUTHORIZED
LIST(S)SELECTION AND
TAILORING BY PROGRAM
MANAGER OR CONTRACTING
OFFICER ON EACH
INDIVIDUAL CONTRACTCONTRACT
WORK
STATEMENTMGMT SYSTEMS
CRITERIADATA
REQUIREMENTSPRODUCT DATA
REQUIREMENTS

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EXECUTIVE SECRETARIAT
Routing Slip

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SUSPENSE		15 June 78 <small>Date</small>			

Remarks:

Please prepare DDCI response.


 Date
 30 Apr 78

STATINTL

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